

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7190

BILL NUMBER: SB 615

NOTE PREPARED: May 2, 2013

BILL AMENDED: Mar 19, 2013

SUBJECT: Real Estate Licensing.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Davis

BILL STATUS: Enrolled

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Managing Broker License*- The bill provides that to be a managing broker licensed under the real estate licensing law, an individual must meet certain requirements.

Validity Duration- The bill establishes the duration of validity for real estate licenses and expiration dates.

Annual Rules Adoption- The bill removes a requirement that the Indiana Real Estate Commission (Commission) must adopt certain rules annually.

Managing Brokers Continuing Education- The bill allows real estate schools to offer managing broker courses beginning July 1, 2013.

Permits to Teach- The bill requires that instructors at real estate schools must have permits to teach. The bill provides for permits for real estate schools.

Other Provisions- The bill authorizes the Commission to deny, suspend, or revoke approval of courses, course sponsors, or instructor permits under certain conditions. The bill provides that a valid inactive salesperson license issued before July 1, 2014, becomes a broker's license on July 1, 2014, with certain restrictions.

Effective Date: Upon passage; July 1, 2013; July 1, 2014.

Explanation of State Expenditures: *Validity Duration*- This provision would not be effective until July 1, 2014. Current law already requires the license to expire three years after issuance. The change of this provision

is to allow the Commission to set the expiration date. It is unlikely this provision will affect Commission expenditures significantly.

Other Provisions- The changes to valid inactive salesperson licenses may slightly increase the administrative responsibilities of the PLA, which could include additional processing of otherwise inactive licenses.

Annual Rules Adoption- This provision would not change the number of times the Commission meets in a given year. [Current law states that the Commission is to meet at the call of the chair or at the written request of any of the members.] The Commission is scheduled to meet eight times in CY 2013.

Permits to Teach- The Professional Licensing Agency would have to update several application forms (specifically State Form 42252, 43492, and 49490) in order to conform with the bill's requirements for these educators and educator sites. The Commission would likely be able to adopt fees, as required by the bill, within a regularly scheduled meeting of the Commission.

Explanation of State Revenues: *Managing Broker License-* This provision adds the requirements, under current law, to become a 'managing broker' to the definition of 'managing broker'. There should be no impact to the number of persons applying for a managing broker license as a result. Fee revenues should not be adversely affected by this provision.

Validity Duration- This provision would likely not affect fee revenue from real estate licensure applications.

Permits to Teach- With respect to instructors and schools, no fee is currently charged. The impact on state revenues would depend on the fees set by the Commission.

Background: As of September 2012, the PLA had record of 34 active real estate schools registered. Additionally, there were 1,690 active real estate instructors. Continuing education sponsors are charged a fee, which is \$50 for initial licensure and renewal. As an example only, if a \$50 fee was adopted by the Commission for instructors and schools, approximately \$86,200 in revenue could be generated. The estimate assumes that all current instructors and schools would apply for a permit and pay the fee. Given the qualification changes within the bill, fewer persons and schools may apply for the permit. Therefore, the revenue generated from permitting would likely be less than the above estimate, unless the fee was set higher than \$50.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency; Real Estate Commission.

Local Agencies Affected:

Information Sources: Professional Licensing Agency.

Fiscal Analyst: Chris Baker, 317-232-9851.